

Message Text

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ACTION OPIC-12

INFO OCT-01 ARA-16 ADP-00 EB-11 AID-20 /060 W

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R 162230Z AUG 73

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 0570

LIMITED OFFICIAL USE GUATEMALA 3959

E.O. 11652: N/A

TAGS: EMIN

SUBJ: HANNA MINING REQUEST FOR OPIC POLITICAL RISK INVESTMENT
INSURANCE

REF: OPIC INFO MEMORANDUM TO EMBASSY FROM VIVIAN P. COSTEN
DTD AUG 7, 73

1. I AM MOST SURPRISED BOTH BY HANNA MINING'S REQUEST FOR
INVESTMENT INSURANCE AND BY OPIC'S ROUTINE HANDLING THAT
REQUEST AND SUGGEST THAT DEPT PURSUE THIS DEVELOPMENT
WITH OPIC IN ORDER TO DETERMINE HANNA'S ULTIMATE PURPOSE.

2. AS DEPT IS AWARE, GOG HAS STEADFASTLY REFUSED
APPROVE INVESTMENT GUARANTEE FOR EXMIBAL PROJECT. IT EVEN
WENT SO FAR AS TO WRITE THIS POSITION INTO FEB 71 AGREEMENT
WITH COMPANY (ARTICLE 26, SEE A-42). WHEN SUBSEQUENTLY
COMPANY SEEMED TO CONTINUE ITS QUEST FOR GUARANTEE, GOG
FORMALLY DEMANDED STATEMENT THAT IT NOT SEEK GOG COMMITMENT
IN CONNECTION WITH INVESTMENT INSURANCE. IN RESPONSE, EXMIBAL
PRESIDENT BORGATTI REAFFIRMED COMPANY'S INTENTION NOT TO DEVIATE
FROM ART 26 OF FEB AGREEMENT (SEE GUATEMALA 2723
OF JUN 23, 71). GOG POLICY THIS REGARD HAS NOT CHANGED;
MINECON MOLINA RECONFIRMED THIS FACT TO EMBOFF AUG 14.
HANNA MINING MOST ASSUREDLY KNOWS THIS HISTORY AND GOG POLICY.

3. DEVELOPMENT MADE DOUBLY PUZZLING BY FACT BORGATTI AND INCO'S
NEW YORK STAFF PROFESS TO HAVE BEEN UNAWARE HANNA'S ACTION. BOR-
GATTI NOT ONLY PROFESSED PERSONAL SURPRISE BUT IN PRESENCE
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EMBOFF CALLED NEW YORK. NEW YORK NOT ONLY EXPRESSED SURPRISE

BUT SAID, FOR RELAY TO EMBOFF, THAT SO FAR AS INCO GOES, QUEST FOR AN INVESTMENT GUARANTEE IS A "CLOSED BOOK", I.E., INCO DOES NOT EVEN HAVE THE INTENTION OF RESURRECTING ITS GUARANTEE APPLICATION AT SOME FUTURE DATE. FURTHERMORE, NEIGHT BORGATTI NOR NEW YORK COULD MAKE SENSE OUT OF INSURANCE VALUES SOUGHT BY HANNA.

4. IF HANNA'S ACTION IS PUZZLING, OPIC'S IS EQUALLY SO. TO TREAT APPLICATION IN ROUTINE FASHION, SENDING HANNA A BOILER PLATE RESPONSE AND SENDING EMB FORM LETTER REQUEST FOR COMMENT SEEMS TO US VERY STRANGE. GIVEN HISTORY OF ISSUE AND CONTINUING IMPORTANCE OF PROJECT, SUCH TREATMENT COULD BE DANGEROUSLY MISLEADING. I BELIEVE THAT HANNA SHOULD BE TOLD IN A STRAIGHT-FORWARD MANNER AS SOON AS POSSIBLE THAT NOT ONLY IS A GUARANTEE IMPOSSIBLE GIVEN GOG POLICY BUT THAT TO SUBMIT APPLICATION TO GOG (ASSUMING HANNA HAS NOT ALREADY DONE SO) WOULD BE A NEEDLESSLY IRRITATING ACTION.

5. FINAL PUZZLING ASPECT OF DEVELOPMENT IS FACT HANNA HAS APPLIED FOR WAR, REVOLUTION AND INSURRECTION COVERAGE AS WELL AS CONVERTIBILITY AND EXPROPRIATION COVERAGE. SURELY THEY KNOW THAT EXTENDED RISK COVERAGE IS NOT EVEN THEORETICALLY AVAILABLE IN GUATEMALA.

6. I WOULD APPRECIATE RESPONSE OUTLINING OPIC'S REACTION TO THIS DEVELOPMENT.

DECON AFTER AUG 16, 75.

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